



MEETING SUMMARY

CALIFORNIA WATER PLAN UPDATE 2013
FINANCE CAUCUS MEETING NOTES
12:30 – 2:00 P.M.
815 S STREET, SACRAMENTO, CA

Meeting Objectives

1. Review and refine the second draft of the Finance Framework chapter.

Review of recent Finance Planning meetings

A recap was conducted of meetings that have informed the development of Chapter 7, Financial Planning Framework. This chapter serves as a high-level strategic planning document to:

- support a common and comprehensive understanding of current finance conditions;
- inform post-2014 General Obligation (G.O.) bonds
- guide legislation pertaining to finance planning and strategies
- clarify and align State IWM funding and finance.

The Finance Framework is NOT intended to change or supplant:

- current (2014) G.O. bond discussions
- ongoing State grant and loan activities
- specific State programs or projects that are currently being planned or implemented
- local or regional governance or finance.

A recap was provided of key comments received to date.

Walk-through of document:

There are quite a few findings associated with Chapter 7. The findings help validate the common understanding and knowledge, as it relates to the State and wider finance discussions. The role of the finding is to define the view of the condition of the world, which frames the rest of the dialog and the recommendations. Part of the CWP process has been to get shared meaning and understanding of issues. Update 2013 is organizing information and clarifying how we talk about finance. The Chapter includes the following sections:

- IWM Scope and Outcomes
- IWM activities
- Existing funding/expenditures
- State government IWM Role and Partnerships
- Funding Who and How
- Next Steps (different from the recommendations, directed to the CWP)

The chapter will help transition to the Implementation Plan, which is Chapter 8.



Page 1: Overview of Chapter

- In the first paragraph, reference a year or decade
- Spell out the acro for IWM – chapters get pulled out separately
- **** FLAG THIS ***** Spell out acronyms in first appearance for each chapter.

Page 2 Findings

Existing Financial Conditions

- Should this address unfunded legacy issues? It's an existing condition
- Mitigation is required by law. The other bullets are very broad, as though findings of fact, when it's not clear where they come from.
 - Statements of fact should have a source.
 - We also want to reflect what was said.
- The IRWM statement needs a verb. "Should say have a preference." Preference is a principle.
- The framework for legislation is disconcerting. The finance chapter is supposed to reflect common understanding. It would be better to have fewer findings and be more certain of them.
- 7th bullet down: There is confusion between IWM and IRWM.

Demand for Funding

- The flood costs estimates need to include coastal flooding and buildings at risk from sealevel rise.
- Are projects looking at an individual basis or larger basis?
- This addresses structures at risk, there is a corollary for wastewater.
- Move the 2nd and 3rd bullets up.
- The findings section should represent 5-6 bullets: costs of maintaining existing infrastructure, costs associated with new projects, current funding available.
- Bullets set up an expectation for an answer. Some bullets are facts, others are analyses of facts, others are conclusions. Put into ½ page format. Governance may not be a problem. Alignment out of the gate is not enough to provide as a reason.
- Add an item on infrastructure damage from subsidence
- **PROPOSAL:** Go with a shorter list, provide as quick facts boxes.
 - There was support for this proposal. The way the text is currently written, it's very hard to judge.



Framework, page 5

There has been an ongoing discussion regarding the name for section #4. Should this be called Funding Stability, Funding Sustainability, or Funding Reliability?

- I like reliability. The economic cycle in the state has a history of ups and downs.
 - Funding reliability is a good title. Some people see that as some things that need reliable funding, others are one-time projects where reliability is not as crucial.
- Sustainability is a huge framework and may go beyond the scope intended here.
- What about reliable, sustainable funding?
- Reliability implies no particular source; sustainability indicates picking and adhering to a particular funding source. There may be some things about funding security.

IWM Scope and Outcomes, page 6

- IWM “Targeted Benefits” was a term used by CalFed
- Climate change impacts and operational flexibility, that and the next one: are these more generic? They apply to any field or endeavor. Is this as important as water supply? Should these be listed by emphasis? We should list the most important once first.
 - It’s a slippery slope to try and prioritize. There aren’t agreements across the state on what the priorities are.
- We are really investing into the future of California. Water management is equally important. IWM is the right way to do water management. We’re diluting the urgency. We are not investing in IWM, but in the future.
- This might be some introductory text to help frame the document. There needs to be a set up to the chapter. Is this a white paper or promo piece?

IWM Activities, page 7

- The bottom of page 7 mentions local and regional projects. This should be broadened. there are many local and regional projects that are not in IRWM plans.
- The infrastructure definition needs to include green infrastructure.
- Create a link between IWM activities and opportunities pulled out from the findings section. If there is a way to link non-factual findings to this section, this is what this section should answer to.

State Government IWM Role and Partnerships, page 15

- Should state government be the lead for innovation?
 - There are entities that will be ahead of state government for innovation. State government can serve as a clearinghouse, rather than developing the innovation.



- DWR has been very successful with think tanks and associations on specific topics. Partnering in specific areas is valuable, as is disseminating and archiving information.
- Provide explanatory text explaining that for a small amount of money you can get a big return.

Funding Who and How, page 17

- Funding values (rather than shared values), reflects that these are for the state.
- Item c) usually includes the cost of disruption to business
- Call these: Shared Values for State Funding
- Page 18, first item: Restate item d). This should address situations where there isn't adequate data. We don't want to send the signal that it's OK to be hasty.
 - Alternately, put the second sentence first.
 - This is addressing analysis paralysis.
 - It's really important to not write off the need for investing in research.
- Page 18, second item: The phrase "are in line" is a little meek and suggests more latitude. Say "should consider" or "should recognize."

Future Funding Mechanisms, page 18

- Page 19, item D: Consider a different word than "reversing" the trend for shovel-ready projects. We want to have projects ready if funding becomes available. We want to support correct planning, and have projects ready for opportunities.
 - This is about shovel-ready projects receiving priority, when they may not be the most important projects.
- Proportional funding is needed for short-, mid-, and long-term efforts.

Statewide Water Use Fee (Public Goods Charge)

- There are widely different opinions about a public goods charge.
 - This section is an inventory of mechanisms – these are not necessarily recommendations.
- Is this only for infrastructure? Infrastructure can be funded through bonds – with public goods charges going for planning. You might want to make this more flexible.
- How do we link bonds to activities? What can or cannot be funded? The first reaction is usually who administers it and how much control will there be.
- Who collects the money? Consider listing out the options.



- A statewide public goods charge should be applied to statewide benefits. What about potential for a regional charge? This doesn't exempt private wells who won't accrue benefits from statewide projects.
- This needs to be tied back to shared values. Explain that this "could be" implemented to secure statewide or regional benefits. This might address more than infrastructure. Local entities are concerned money going out, and not receiving benefits.

Potential Federal Funding Sources

- The Senate passed something on the Water Resources Development Act.
- Add a bullet on federal grants.

Public-private partnerships

- It's a questionable approach at this stage
- Expand this discussion to identify what might need to be considered when moving forward with this.
- The WB was firm on the issue of privately operated water supplies.

Trade-offs, page 22

- Looks at how these trade-offs are made. The decision not to pay may involve high costs in the future.
 - Deference may be part of project costs.
 - Chapter 3 discusses the price of foregone opportunities
- There could be greater efficiencies if there was more regional cooperation. Agencies often build selectively.
- The reader may want to know where a Decision Support System fits into financial framework.

Next Steps, page 22

- This discussion supports the objective in Chapter 8 for Water Finance
 - Synthesize that into a paragraph and put it here.
- Provide a clear statement about avoided costs.

ACTION ITEM: Comments are needed by June 17th.



ATTENDANCE

Cheryl Essex, State Parks
Kamyar Guivetchi, DWR, Manager, Statewide Integrated Water Management
Paul Massera, DWR, Water Plan Program Manager
Lewis Moeller, DWR, Water Plan Project Manager
Elizabeth Patterson, DWR
Terri Wegener, DWR, Manager, Statewide Flood Management Program
Lisa Beutler, MWH, Water Plan Executive Facilitator
Judie Talbot, CCP, Facilitator

Webinar

Erika Barraza, Carollo
Lauren Bauer, Kern County Water Agency
Dave Bolland, Association of California Water Agencies
Brian Campbell, East Bay Municipal Utilities District
Grace Chan, Metropolitan Water District
Nate Dechoretz, California Department of Food and Agriculture
Ane Deister, Parsons
Bruce Gwynne, Department of Conservation
David Kennedy, American Council of Engineering Companies
Alex Kim, UC Irvine
Stefan Lorenzato, DWR
James Maughan, Water Boards
Terri Mitchell, Sacramento Area Sewer District
Tim Parker, Groundwater Resources Association
Mark Stadler, San Diego County Water Agency
Wendy Phillips, League of Women Voters
Mark Salmon, Parsons
Tito Sasaki, Sonoma County Farm Bureau
Iovanka Todt, Floodplain Management Association

Manucher Alemi, DWR
Ray Hoagland, DWR
Hoa Ly, DWR